

HERSETH SANDLIN, EMERSON, BOYD, LUCAS LEAD BIPARTISAN EFFORT IN SUPPORT OF USDA ELECTRIC LOAN PROGRAM

Washington, DC (April 23, 2010)-Rep. Stephanie Herseth Sandlin (D-SD), Rep. Jo Ann Emerson (R-MO), Rep. Allen Boyd (D-FL), and Rep. Frank Lucas (R-OK) led more than 80 of their colleagues in sending a letter to the Chairman and Ranking Member of the Agriculture Appropriations Subcommittee, encouraging them to maintain Fiscal Year 2010 funding levels for the Electric Loan Program administered by USDA's Rural Utilities Service (RUS). The program is important in helping keep electricity affordable in many rural areas across the nation. In addition, the letter requests that the subcommittee reject proposed restrictions on the Electric Loan Program that would bar financing for peaking natural gas plants and could inhibit wind power development. The full text of the letter is below.

"During tough economic times, it's important that rural families and businesses in South Dakota and across the country have access to affordable electricity," Rep. Herseth Sandlin said. "I encourage the Agriculture Appropriations Committee to provide adequate funding for critical rural electric programs and refuse restrictions that will drive up costs for a consumer, and prevent our country from moving toward a clean energy economy."

"Rural areas rely on affordable electricity, but rural electric programs can be costly to operate and maintain. The Electric Loan Program helps communities in Southern Missouri find solutions to expand and stabilize energy supplies in rural America, and I'm very proud to be part of this bipartisan effort," said U.S. Representative Jo Ann Emerson.

Ed Anderson, General Manager of the South Dakota Rural Electric Association said, "South Dakota's electric cooperatives have relied on access to loans through the Rural Utilities Service for decades. It has been and will continue to be a vital source of capital necessary to ensure reliable and affordable electricity for electric cooperative members. Representative Herseth Sandlin has once again taken a leadership role in making sure that adequate funding for this program remains in place. We are very appreciative of her work on behalf of electric cooperative members across the state of South Dakota and the nation.

Dear Chairman DeLauro and Ranking Member Kingston:

As you prepare to markup the fiscal year 2011 (FY11) Agriculture Appropriations bill, we write to express our strong support for maintaining FY10 loan levels for the electric financing programs of the Rural Utilities Service (RUS). Further, we urge you to reject the proposed restrictions to the RUS Electric Loan Program outlined in the President's FY11 Budget Request. The RUS Electric Loan Program empowers rural electric cooperatives to deliver affordable electricity to homes, schools, businesses and farms across the vast majority of America's geography, and impressively, in FY10, it is projected to return over \$60 million in revenues to the federal government, a track record that is expected to continue into FY11.

In these challenging economic times, it is important to remember that every household is impacted by electricity prices. For the rural electric cooperatives that depend on RUS programs, keeping bills low is especially important as the average household income in their service territories is 14% below the national income level. The task of delivering this electricity is further

complicated by the fact that cooperatives own and maintain 2.5 million miles or 42 percent of the nation's electric distribution lines covering three-quarters of the nation's landmass. In fact, cooperatives average just seven customers per mile of electrical distribution line, by far the lowest density in the industry.

While RUS electric financing programs deliver the dual benefit of affordable electricity and fiscal responsibility, the President's FY11 Budget Request has proposed to cut the program by \$2.5 billion and prevent RUS lending for peaking natural gas plants or environmental upgrades to existing power plants. By proposing restrictions on lending for peaking and intermittent natural gas projects, a cleaner burning fuel would be taken off the table, and in addition, it would become more difficult to build renewable wind power, which is paired with natural gas to ensure electricity supply is uninterrupted. Finally, cutting and restricting this program has no guarantee of saving taxpayers money, in fact, as currently structured, the Electric Loan Program is projected to return \$50 million to the U.S. Treasury in FY11.

Again, we urge the Subcommittee to continue last year's loan level of \$6.5 billion for the RUS Electric Loan Program and maintain the ability of RUS to lend for peaking natural gas plants, as well as environmental upgrades to existing power plants. Thank you for your continued support for this effective and fiscally sound program.

Sincerely,